

Message Text

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15

ACTION EUR-25

INFO OCT-01 EA-11 ADP-00 IO-12 AGR-20 CEA-02 CIAE-00

COME-00 DODE-00 EB-11 FRB-02 H-02 INR-10 INT-08 L-03

LAB-06 NSAE-00 NSC-10 PA-03 RSC-01 AID-20 CIEP-02

SS-15 STR-08 TAR-02 TRSE-00 USIA-12 PRS-01 OMB-01

RSR-01 /189 W

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R 141600 Z MAY 73

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 1294

INFO AMEMBASSY BERN

AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY HELSINKI

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY STOCKHOLM

AMEMBASSY TOKYO

AMEMBASSY VIENNA

LIMITED OFFICIAL USE THE HAGUE 2196

E. O. 11652: N/ A

TAGS: ETRD, EEC, EFTA, NL

SUBJECT: EC/ EFTA NON- APPLICANTS-- RULES OF ORIGIN

REFERENCE: STATE 58443

SUMMARY:

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NEWLY NEGOTIATED R/ O HAVE EVOKED TWO BASIC RESPONSES FROM GON OFFICIALS AND DUTCH BUSINESS COMMUNITY. GON ATTITUDE IS THAT, WHILE BASICALLY FAVORING FREER TRADE, IT VIEWS NEW RULES AS WORKABLE COMPROMISE AND BLEND OF LIBERALISM AND STRINGENCY. THIRTY DUTCH AND AMERICAN BUSINESSES QUERIED BY EMBASSY WERE PREDOMINANTLY UNDISTURBED BY OR UNAWARE OF NEW RULES. END SUMMARY

1. MINECON OFFICIAL JUDGED NEW R/ O AS EXPECTED OUTCOME " WHEN 16 COUNTRIES ARE INVOLVED SINCE IT BECOMES IMPOSSIBLE TO SATISFY 16 ON EVERY POINT AND, OF COURSE, OTHER COUNTRIES WILL ALSO OBJECT TO CERTAIN POINTS, " BUT INDICATED THAT GON REASONABLY SATISFIED. HE STATED THAT MINECON IS WORKING THROUGH LOCAL CHAMBERS OF COMMERCE TO DISSEMINATE NEW RULES AND PROCEDURES. IN MAJOR CITIES MINECON HAS COOPERATED IN QUESTION AND ANSWER SESSIONS (FOUR TO DATE) ON NEW RULES FOR CONCERNED BUSINESSMEN, BUT IMPRESSION IS BUSINESS COMMUNITY SEES LITTLE DIFFICULTY OR IS AS YET UNINFORMED.

2. OTHER ORGANIZATIONS ACTIVE IN DISSEMINATING NEW R/ O INFORMATION TO BUSINESS COMMUNITY ARE MAJOR INDUSTRIAL FEDERATION VNO AND VARIOUS INDUSTRY TRADE ASSOCIATIONS. VNO, THROUGH ITS TRADE REGULATION WORKING GROUP, IS PLANNING OCTOBER MEETING IN UTRECHT TO DISCUSS NEW CUSTOMS PROCEDURES INCLUDING RULES OF ORIGIN.

3. SURVEY OF 30 DUTCH AND AMERICAN COMPANIES OPERATING IN THE NETHERLANDS IN INDUSTRIES SINGLED OUT IN REFTEL TENDS TO REINFORCE ECONMIN' S CONCLUSIONS WITH ONLY FEW EXPECTATIONS. GENERALLY, COMPANIES EITHER KNEW LITTLE ABOUT NEW R/ O' S OR FOLLOWED BUYING PATTERNS NOT LIKELY TO BE AFFECTED BY CHANGES.

4. SOME SPECIFIC COMMENTS FROM COMPANIES QUERIED WHICH MAY BE USEFUL ARE AS FOLLOWS:

A) ONE COMPANY IMPORTING INTERMEDIATE PRODUCTS FOR SALE IN EEC AND EFTA COUNTRIES HAS SOME CUSTOMERS BLINDLY DEMANDING EEC OR EFTA ORIGIN PRODUCTS RATHER THAN EVALUATING LIMITED OFFICIAL USE

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NEW RULES OF ORIGIN AND THEIR OWN PRODUCTION PROCESSES TO DETERMINE IF EEC OR EFTA ORIGIN GOODS ARE INDEED NECESSARY. IN SOME CASES, IMPORTER HAS INTERPRETED R/ O' S AS APPLIED TO CUSTOMER' S PROCESS AND FOUND THAT OFTEN NON- EEC OR NON- EFTA GOODS WILL SUFFICE.

B) SEVERAL COMPANIES INDICATED PRESENT 20 PERCENT

DUTY REDUCTION NOT SIGNIFICANT BUT AS DUTIES DECREASE
INCREMENTALLY TO ZERO, R/ O' S WILL BECOME MORE IMPORTANT.

C) ONE US SUBSIDIARY STATED THAT LAST DOLLAR DEVALUATION HAS
LOWERED SIGNIFICANTLY PRICES OF US MANUFACTURED COMPONENTS
AND THAT EFTA SUPPLIERS ARE NOT BEING CONSIDERED. IN ADDITION,
COMPANY HAS ABANDONED PLANS TO ESTABLISH EUROPEAN COMPONENT SUP-
PLIERS NETWORK. BECAUSE OF REDUCED PRICES OF US GOODS.
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